1: Bowen-Jones et al. K-5 (1955-1958) 1961
EZ6 Malta EZ6

434 unrequited imports were indicative of illegal diamond smuggling. It may well be that, in Malta, a less spectacular movement of capital is similarly responsible
457 for part of the residual items of foreign income. Even so, and considered in a later examination of Internal Revenue and National Product, the implications of a national reliance on this and other elements of income are manifestly significant.

439 If we turn to a consideration of the merchandise in trade, the instability of the situation becomes even more strikingly obvious. An analysis of trade of the Maltese Islands in 1953 (13), the year in which economic conditions for 1954 would be established, shows the following salient points. Britain and the Commonwealth supplied half of Malta's imports thus leaving some £10,000,000 of the remainder to be covered by British credit with other countries. Of the domestically originating exports of three-quarters of a million pounds, only £266,000 went to non-protected markets outside the Commonwealth. These and other details suggest that the Maltese Islands as a whole, not only the Garrison therein, represent a not inconsiderable drain on British reserves of foreign currency. This appears even more strongly from a consideration of the classes of imported merchandise. Imports of Food, Drink and Tobacco (F.D.T.), totalling £7,800,000 were of almost precisely the same value as imports of Manufactures. The Mediterranean Maltese islands naturally depend on imports for main supplies of dairy products. Almost all the £161,188 expended on butter went to the Commonwealth but nearly half of the value of cheese imports - £305,000 in all - came from Italy. Another £161,000 went on eggs, and £785,000 on processed milk. Alarmingly enough however even Mediterranean products were and still are imported in surprisingly large quantities. £130,000 on edible oils, and £353,000 on vegetables, one-third of the latter represented by tomato preparations, are such large sums as to need justification of local inability to produce these commodities. When one notes that, in a Class distinct from the F.D.T. group, a further £1,241,000 was expended on livestock fodder, then one begins to wonder whether agriculture is practised at all in the Islands. There seems no doubt that many of the fresh or processed food and fodder commodities now imported could properly be produced in Malta by better resource use. There remains one difficulty. It is probable that the Knights subsisted mainly on imported products of higher quality than those produced locally. Since 1800, and this is a sign of rising living standards, social emulation has been able to spread this effect through the greater part of the population. The trade figures for later years merely confirm what may be observed directly that most Maltese for one reason or another will deliberately choose foreign rather than domestic produce where possible. In 1956 this led to the consideration of quasi-sumptuary regulations; to us it is a factor in the social environment quite as important as many elements in the physical environment.

652 If we turn to a consideration of the Internal Revenue Account we see how
434 deep-rooted and extensive are those characteristics of the economy already noted.

Thus of Government Revenue approximately one-third was derived directly from outside Malta (C) as a result of activities originating outside the control of the Maltese people. Of the remaining two-thirds (D), the largest part was *indirectly* also so obtained from activities dependent on expenditure by non-Maltese, in that it came from taxation of profits earned by mercantile services to the Garrison, taxation of wages, salaries and industrial profits earned by other services rendered to the Imperial power, and lastly from Customs levies on the goods paid for by external income. This revenue (D) was not in itself in any case large enough to cover ordinary expenditure (A) let alone supply capital for public investment.

434 Many other questions could be raised, e.g. is not the scale of Government
471 expenditure on Administration rather large relative to total revenue?; but we must content ourselves with one last reflection. The paucity of material resources in the Islands is such that capital investment for raising production can only be applied to agriculture and to improving the productivity of labour in those industrial or commercial services called into being by the locational

1: Bowen-Jones et al. K-5 (1955-1958) 1961
EZ6 Malta EZ6

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Table 32. Internal revenue account 1953-54.

A. Ordinary Expenditure.		
(i) Maltese Government Administration	£1.667 millions	£1.958 millions
Public Debt and Pensions	.291 "	
(ii) Medical, Health, Commodity Subsidies and other Social Expenditure	2.625	"
(iii) Public Works and Agriculture	.559	"
	£5.142	"
(iv) LESS Revenue Profit on self balancing services	0.441	"
Net Ordinary Expenditure	£4.701	"
B. Special Expenditure.		
(i) Emigration	£0.143 millions	
(ii) Colonial Development Works and Services	0.460	"
(iii) Imperial Government Expenditure - Administration, etc.	0.292	"
(iv) Works Extraordinary	0.368	"
Total Special Expenditure	£1.163	"
Grand Total Expenditure	£5.864	"
C. Revenue Directly Derived From Outside Malta.		
(i) Imperial Government Grants for Special Expenditure	£0.814 millions	
(ii) Estimated External Revenue from:-		
Customs and Excise	£1 million	£1.180 millions
Lotteries	£0.180 millions	
	£1.994	"
D. Revenue Directly Derived From Inside Malta.		
(i) Customs and Excise (see C (ii))	£2.217 millions	
(ii) Income Tax, Succession and Donation Duties	0.662	"
(iii) Lotteries (estimated £400,000), Note Fund, Savings Bank, etc.	1.491	"
	£4.370	"
Grand Total Revenue	£6.364	"

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value of the Islands. In the sector of welfare economics the field for investment is in a sense limitless including as it does all the elements of water-supply, public health, education and dietetics. In this sector, capital can only come either from a relatively benevolent foreign power - and here lies the case for continued Maltese existence as a dependency and also the case for 'integration' with the United Kingdom - or hypothetically come from a vastly increased economic turnover within Malta. This immediately leads one back to the field of production economics. If, fundamentally, the value of the Islands for the attraction of capital lies in their location, then any decline in such attractiveness (as recently evinced

434 by British actions) *ipso facto* suggests a decline in that value. Until recently,
471 as suggested elsewhere, domination by a new metropolitan power has implied domination by a more enterprising and a wealthier power. The inevitability of this process has become held so strongly almost as an article of faith by some Maltese that to suggest that it may now come to an end may be regarded as heretical. There is, in fact, every reason to suppose that Malta's locational value has now become so marginally attractive as to render even more economically dubious foreign investment in the limited and difficult sectors available for its application. Without such foreign capital in large quantities, revenue will neither be available for investment in production and welfare nor for continuing existence. The internal as well as external economic demands of the situation are therefore for the seizing of all opportunities to attract investment rather than for historically impossible attempts to preserve an economic *status quo*. Further, it is obviously essential that agriculture as the only sector in which capital and labour can be deployed on domestically controlled natural resources, must be transformed from hitherto the most neglected into one of the most important and potentially fruitful elements in the Islands' life.

Finally, in this general section, a consideration of the National Product serves to put the economic situation into perspective. The salient facts are these:-

433 Table 33. National product 1954.

434 A. Wages and Salaries.

(i) Service Departments	£6.7 millions
(ii) Administration	3.5 "
(iii) Other	5.8 "
	£16.0 "

B. Incomes.

(i) Farmers and Fishermen	£1.3 millions
(ii) Government Property	1.2 "
(iii) Private Receipts of Interest and Rents	2.8 "
	£5.3 "

C. Profits of Industrial and Commercial Enterprises	£6.0 millions
D. Net Indirect Taxation	£3.6 millions
Grand Total	£30.9 millions

Balogh and Seara in their interim report on economic conditions (14) computed that the total value of goods and services bought in 1954 amounted to over £51,400,000. Of this some £20,500,000 represented imports, leaving the total given in Table 33. More recent material, e.g. the 1955 Census of Production (15) which became available in 1958, would suggest the need for slight emendation of some items, particularly item C in Table 33. Further upward amendment to item B (i) is needed to cover that considerable part of agricultural production which, as field observation shows, never appears in mensurable channels. Balogh's conclusion however remains absolutely valid (16): 'In the last resort nearly all the income and employment on the Island(s) are derived from the U.K. Government'. He does however go on to say that (17): 'This unbalanced

178 583 183 [554] for a man to provide his marrying daughter with as substantial a dowry as possible. This was partly in kind: land, animals, etc., and partly in money. The size of a girl's dowry was one of the indications of social position and for many a poor man the provision of it would represent sacrifice and saving over many years, especially where there were several marriageable daughters in one family. In the past, many farmers' sons could expect to find brides among the families of the same village and farming background. [182] Thus a dowry of land or other property was an admirable way of building a farm-holding and was one of the counters to fragmentation consequent upon the system of land inheritance (B/525). Such an arrangement caused the minimum disruption in work and residence. However, as contacts between parts of the Islands have increased and marriages between individuals from different villages and also from differing economic backgrounds have become more common, a dowry of land is often quite inappropriate. Money takes its place and the desire for financial accumulation on the part of the fathers of girls of marriageable age leads them to put more emphasis on money and its investment.

178 454 423 471 Another development which has put money into an altogether new perspective for the Maltese farmer has been his growing desire to own the house in which he lives. As seen (Section 2), most of the land worked by the farmers in the Islands is not owned by the operator concerned and this applies to the farm buildings and the house occupied by the family. As the farmer becomes ownership-conscious the first step is understandably to acquire his own home, a feature observed by the 1911 Commissioners. Having bought his house, the farmer turns his attention to the purchase of other parts of the land which he cultivates, but, even before doing this, he wants capital to enable him to build up the live-stock side of his holding. The importance of meat and dairy stock-raising (v. Section 2) has increased rapidly in recent years - especially since the 1939-45 War, and the need for capital in such cases is clearly much greater than in a farm unit based solely on arable cultivation where lease- or rental-holding is a convenient and accepted method of tenure (B/525).

178 654 [426] Similarly, the spread of mechanization in Maltese farming after 1945 (v. Section 2) brought in a need for capital. The Government added to this money consciousness with financial encouragement to farmers (in an effort to keep them on the land) in the form of very low interest loans for capital improvements of the farms and their equipment. The Government policy in connexion with milk

178 (the guaranteed price system for milk sold to the M.M.U.)
654 has had a similar effect. It has encouraged the farmer to
[234] turn to milk production and to increase his herd to the maximum (Section 2).

178 Briefly therefore, the position is that the farmer in
511 Malta and Gozo is now faced with a variety of factors
434 tending to make him money conscious to a degree unknown to his grandfather - who spent the 6d per year already mentioned. These factors basically underly the complex of socio-economic changes which have brought and are bringing improved living standards, "emancipation" and a greater range of demands:

(a) In diet, clothing, recreation and 'luxury' fields the farmer is demanding more than before, and this means money.

(b) The traditional pre-occupation with saving has been diverted towards the saving and investment of money rather than the accumulation of kind. Dowry is one example.

(c) The raised circumstances of the farmer have made him anxious to own his farm, and especially his house and (with the recent emphasis here) his animals.

(d) Anxious to get the most out of his holding within the present commercial system he is keen to develop his farm by acquiring machinery (with possible help from a Government loan) or by making some capital
[464] improvement. Suffering from shortage of labour, he wants to be able to pay hired farm labour the high wages demanded. His own children work away from the home farm.

[722] (e) The artificially distorted market conditions in siege and war-torn Malta between 1939 and 1945 put the farmer in a commanding financial position, which he continues to regard nostalgically as a Golden Age of Maltese farming. He has never fully been reconciled to his now changed position.

DEBT

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434 Thus, where the peasant farmer of a century ago saw in his farm the means of providing for the various needs of
[471] the family, the modern farmer in Malta regards his holding, his animals, and equipment, as the means whereby he can make the money which he needs to buy more new items, to expand
[184] his property and to build up his capital reserves. This is the picture as it would be ideally and as it is for a very small section of the farming community: one of the major problems of Maltese farming today is that it is by no means the position among the great bulk of the rural and farming
178 population of the Islands. If, having observed the present
426 position of money and the demands upon which it is based,
434 one turns to a more detailed examination of the financial status of the Maltese farmer the true nature of the problem emerges. Far from acquiring the money which he expects,

*159 cafes, clubs, etc., it remains the centre of village affairs
512 and the focus of activity, secular as well as religious.
794 Pawlu is one of the farmers of this village, but his
592 children are not likely to be farmers. Therefore can they
178 remain of the village? As yet it has patently little to
*159 offer their education and culture and no apparent opportunity for a livelihood at their new and higher standards. They are leaving farming and are leaving the village as well in search of the means of earning a living - other than in farming.

SUMMARY of CASE I

*159 (A large scale Gozitan goats' milk producer with a considerable land holding)
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427 A. Land.
[311] - Area held in 1956: 18⅝ tmien, 1957: 30½ tmien, 1958: 42½ tmien, the additions being almost entirely in the form of grazing land. The present holding is in 26 plots, rented from several landlords including Church, Civil Government and private individuals. Owns one small plot and sublets several others from neighbouring farmers. Plots scattered over considerable area in Gharb and St. Lawrenz districts. Rent totals £23.14.0 p.a., ranging from 21/6 per tomna for cultivable (dry) land to 4/- per tomna for rough grazing.

- Previously held a further 20 tmien, 3 of which have been sub-let or exchanged and 17 abandoned owing to inaccessibility.

*159 B. Utilisation.
423
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	1956	1957	1958
House	¼	¼	¼
Vines	¼	¼	¼
Prickly pear	¼	¼	¼
Fodders	8½	10½	14½
Vegetables	8⅝	6½	2⅝
Rough Grazing	-	12	24
Unused	¼	¼	¼
Total	18⅝	30½	42½ tmien

*159 C. Livestock. (Nov. 1957)
23
38 goats, 8 kids
2 cows
1 sheep
100 poultry
1 horse

*159 D. Capital.
● 40 - Land all rented save one small plot.
[429] - Appears to be amassing capital from profits on milk
[456] production.
- No specialised equipment.

*159 E. Labour.
464 - No permanent hired help.
- One son works full time on the farm, help from other children.

*159 F. Production and Sales.
433 - Milk is the main item of income to which occasional
[434] small sales of vegetables are the only addition.
- Sample daily feed for 1 cow yielding c.3 gallons